

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BELLSOUTH)	
TELECOMMUNICATIONS, INC., D/B/A SOUTH)	CASE NO.
CENTRAL BELL TELEPHONE COMPANY TO)	94-121
MODIFY ITS METHOD OF REGULATION)	

O R D E R

On March 6, 1995, BellSouth Telecommunications Corporation d/b/a South Central Bell Telephone Company ("South Central Bell") filed a motion to strike the prefiled direct testimony of Matthew I. Kahal which was filed on behalf of the Attorney General, by and through his Public Service Litigation Branch ("Attorney General"), on August 29, 1994. In support of its motion, South Central Bell contends that Kahal's testimony was filed to address a fair rate of return on jurisdictional rate base and to present a cost-of-common equity study. South Central Bell argues that Kahal's testimony is inappropriate and irrelevant because the Commission had previously declined to require an earnings investigation and had denied the Attorney General's motion for such an investigation.

On March 9, 1995, the Attorney General responded to South Central Bell's motion. The Attorney General opines that its testimony is based on the financial information which the Commission had ordered to be compelled in this proceeding and specifically noted that the Commission found that the information upon which the direct testimony relies would assist the Commission and parties in evaluating the appropriate level of rates for South

Central Bell and the reasonableness of the proposed price-cap regulation plan. On March 13, 1995, MCI Telecommunications Corporation ("MCI") filed a response in opposition to South Central Bell's motion. Also, on March 13, 1995, Sprint Communications Company, LP ("Sprint") filed a letter supporting the Attorney General's response.

The Commission, having reviewed South Central Bell's motion to strike and responses thereto, and having been otherwise sufficiently advised, hereby finds that the motion should be denied. The Commission will admit the testimony of the Attorney General's witness. Any matters not found relevant by the Commission will be given an appropriate level of weight in the final determination of this proceeding pursuant to the wide latitude afforded the Commission in KRS 278.310.

IT IS THEREFORE ORDERED that South Central Bell's motion to strike the testimony of the Attorney General's witness Kahal is denied.

Done at Frankfort, Kentucky, this 31st day of March, 1995.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director